



Texas Department of Insurance – Fraud Conference

Supervisory Special Agent Jerry Allen



Inside Cargo Theft A Growing, Multi-Billion-Dollar Problem

11/12/10

You probably don't hear much about cargo theft on the news, but it poses a real and rising threat to our country's economy and national security. During the past five years, the groups involved in this crime have become better organized and more violent...and the price tag associated with the thefts is increasing.

Defining the problem. Cargo is any commercial shipment moving via trucks, planes, rail cars, ships, etc., from point of origin to final destination. If merchandise is stolen at any point in between—highway, truck stop, storage facility, warehouse, terminal, wharf, etc.—then it's considered cargo theft.

Scope of the problem. Because cargo theft statistics have never, until recently, been a separate reportable category in the Uniform Crime Report (UCR) and because many companies don't report cargo crimes (to avoid bad publicity, higher insurance rates, damage to reputation, embarrassment, etc.), the exact dollar losses aren't known. Industry experts estimate all cargo thefts ring up as much as \$30 billion in losses each year.

Cargo theft has many victims, from employees (i.e., drivers, warehouse workers) who can be hurt during an armed hijacking or robbery....to retailers who lose merchandise...to consumers who pay as much as 20 percent more to make up for cargo theft...to state and local governments who lose sales tax revenue...and even to insurance companies, manufacturers, and shipping companies.

What's being stolen? Any product being shipped is potentially a target, but cigarettes, pharmaceuticals, and especially computer/electronic components are current high-value favorites being re-sold on the black market.

Law enforcement response. Since the FBI's jurisdiction doesn't kick in until an interstate nexus is achieved, many of the cargo thefts in the U.S. are investigated by local law enforcement. But even when we get involved, we focus on criminal enterprises engaged in systemic or violent criminal acts. And if a case has an international nexus (as many do), we work with our legal attachés overseas, U.S. Immigration and Customs Enforcement, and our international partners.

We have also joined forces with state and local law enforcement agencies on seven cargo theft task forces in five cities that are key transportation hubs—Miami, El Paso, Chicago, New York, and Memphis.

One interesting fact about cargo crime: it's usually a "gateway" crime. In many instances, a cargo theft investigation will turn into a case involving organized crime, public corruption, health care fraud, insurance fraud, drug trafficking, money laundering, or possibly even terrorism. Criminal groups use the illegal proceeds they gain from stealing cargo to fund their criminal operations. And the fear is that terrorists could use their proceeds to launch attacks or fund training.



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Industry assistance. Of course, law enforcement couldn't effectively investigate cargo theft without the assistance of our retail and transportation industry partners. They:

- Provide transportation help—i.e., trucking, shipping, and storing stolen goods for us;
- Provide merchandise, warehouse equipment, and trucks for use in our undercover operations; and
- Sometimes even have their own forensic labs to assist in the analysis of certain types of evidence.

And with the addition of the cargo theft category to the FBI's Uniform Crime Reporting System, once police are fully trained to identify and report such crimes, we should have a much better picture of the overall cargo theft problem and will be able to use our resources more strategically.

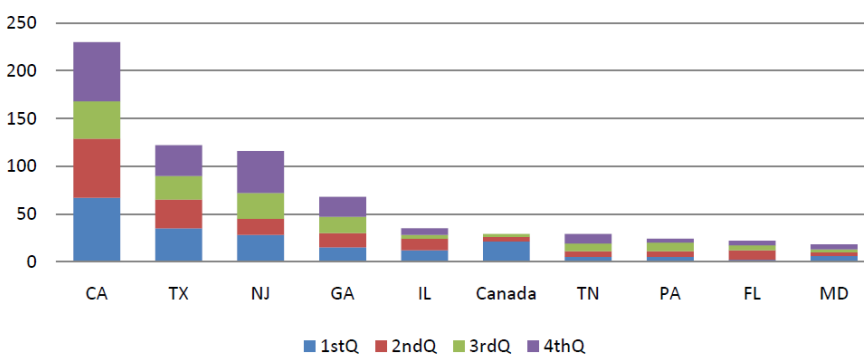


Supply Chain - Information Sharing and Analysis (ISAC)

In 2010, the SC-ISAC recorded 857 incidents, nearly a quarter more than the total number of incidents reported in 2009.

The states with the most reported incidents are not surprising as we have reported thefts in these locales throughout 2010. California has by far reported the most cargo theft activity in North America, holding the top spot the entire year. **Texas**, New Jersey, Georgia, Illinois, Pennsylvania and Tennessee have each appeared as top reporting states for all four quarters. Florida was on the most active states list for three of the four quarters.

2010 Most Active Cargo Theft States/Country





The Task Force Subcommittees are:

The *Best Practices Committee* will compile, develop and disseminate the best practices used by law enforcement, insurance, retail and transportation to prevent and reduce cargo theft.

Contact: Captain Tommy Bibb, Assistant Bureau Chief of Detectives, Marion County Sheriff's Office, Office # 352-368-3543, Cell # 352-427-7772, tbibb@marionso.com.

The *Government Affairs Committee* will develop model cargo theft statutes for use in all states, develop funding initiatives to support Task Force efforts, and develop lobbying networks to further Task Force initiatives.

Contact: Jared S. Palmer, Esq., General Counsel/Director of Public Relations,

Direct Phone / Direct Fax: 224-515-7018, jpalmer@afnww.com.

The *Technology Committee* will identify law enforcement, insurance, retail and transportation, information and intelligence needs. It will identify existing and emerging technologies and systems to combat cargo theft.

Contact: Mary Aftanas, Director of P&C Investigations, National Insurance Crime Bureau, 847-544-7021, maftanas@nicb.org and John Tabor, Director of Corporate Security, National Retail Systems, Inc., 201-330-3673, john.tabor@nrsonline.com

The *Public Awareness Committee* will work together to develop a communication outreach program designed to create an understanding of the nationwide threats posed by cargo theft. This communication strategy will promote Task Force initiatives and activities to the consuming public, the federal, state and local law enforcement community and various federal, state and local government agencies.

**Contact: (Co-Chairs) Scott Cornell, Travelers Insurance,
scornel1@travelers.com and**

Rick Martin, Knight Transportation, richardm@knighttrans.com

National Cargo Theft Task Force

<https://www.nationalcargothefttaskforce.org>

Collaboration Is Key!

NCTTF

Avalon Blvd
Main St
Harbor Fwy

NATIONAL CARGO THEFT TASK FORCE

HOME ABOUT US NATIONAL STRATEGY TRAINING & EVENTS LINKS CONTACT US

SEARCH FOR CONTACT
BECOME A CONTACT
UPDATE YOUR PROFILE

The National Commercial Vehicle and Cargo Theft Prevention Task Force (NCTTF)

works in cooperation with private industry, insurance, and Federal, state and local governments in order to combat the continued threat posed by cargo theft perpetrators to the economy, the American citizens, and the national security of the United States of America.

The Task Force members have identified a need for additional information sharing and national partnering. This web site is one step in strengthening this collaborative fight in combating cargo theft.

SPEAK UP
To report fraud, call
1-800-TEL-NICB

New National Cargo Theft Database Launched by NICB and ISO

CargoNet™, a national cargo theft database, has been created by NICB and ISO to help law enforcement identify stolen cargo, visualize cargo theft patterns and establish links between cargo theft incidents. Law enforcement can also add cargo thefts to the database by direct system entry or by system-to-system uploads. The system also allows immediate alerts to be sent to other agencies or industry specialists.

Through the NICB, law enforcement agencies will be provided free access to CargoNet to support cargo investigative and recovery efforts. Access is provided through ISO ClaimSearch. Therefore, since you are an existing law enforcement user of ISO ClaimSearch, you will be able to access CargoNet by clicking on the CargoNet link. This eliminates the need for separate sign on credentials for ClaimSearch and CargoNet.



If your agency requires additional users of ISO ClaimSearch, you will be required to complete an Access Authorization Form. To obtain an ISO ClaimSearch Authorization Form, please go to www.nicbtraining.org and click on “downloads.” Then click on “ISO ClaimSearch Authorization Form” – “Law Enforcement” to download the form.

If you need additional information or training on how to use the system, please contact NICB at 800-447-6282, ext. 7003 or Cargo@nicb.org.